

WE BUILD HEROES™

Billund Jan. 2009



Dear Stakeholders,
We warmly welcome you to this, the Hero Factory Annual Report.

Well, it certainly has been a hectic 12 months! No sooner had the clock ticked over to January 1 than the main switchboard was bombarded with calls from customers across the galaxies, seeking our assistance in the elimination of evil.

And what a wretched array of scum and villainy we dealt with last year. Some of the most challenging projects that spring immediately to mind include the Screaming Slime Moths of Kedash, Shapeshifting Xenolords of Illiax, the sinister Myriad Quo, and of course those banjo playing lizards from the Spek Quadrant (don't ask!).

At last count the Factory had taken care of well over 300 villains from around 27 different galaxies; with no hero losses and no serious injuries. In fact, we managed an overall efficiency increase of 63%.

Our output of new mission squads also went up. Last year we were proud to welcome a number of new heroes to the Factory, all fitted with the latest gadgets and equipment specially geared for the neutralisation of evil.

And there were also several new additions to our valued staff of technicians, designers, strategists, trainers, intelligence officers and communications experts. It is indeed a heartwarming sight to see the Hero Factory in full flight – building the very best and brightest villain-vanquishing robots to rid the universe of evil.

I expect this year and, of course, the coming years to be no less exciting and rewarding.

In the following pages we'll be presenting you with an overview of the latest heroes, gadgets, vehicles and fantastic assortment of equipment currently in development at the Hero Factory.

Of course, dear stakeholders, we value your input. The Hero Factory with its many creations is as much yours as it is ours. From the smallest bolt on an anti-gravity thruster ring to the largest of our fully-equipped hero drop ships, the future growth and success of our beloved Hero Factory is a shared responsibility. A labour of love that, nurtured, managed and protected, no amount of evil can corrupt.

Here's to the future. Here's to the Hero Factory!

Fondest regards,

Akiyama Makuhero
Chairman – Hero Factory

WE BUILD HEROES™

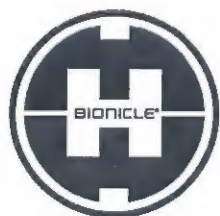
Billund Jan. 2009



We, the good, bold and virtuous, stand united against the malignant forces in the universe. Our sole and unwavering resolution: to root out and eliminate all things lowdown, vile and villainous. We go forth with conviction and courage, and strive wholeheartedly against the dark.

Together, we build a safer universe. We build a better tomorrow.
We build heroes.

— Hero Factory 'Foundation Pledge'

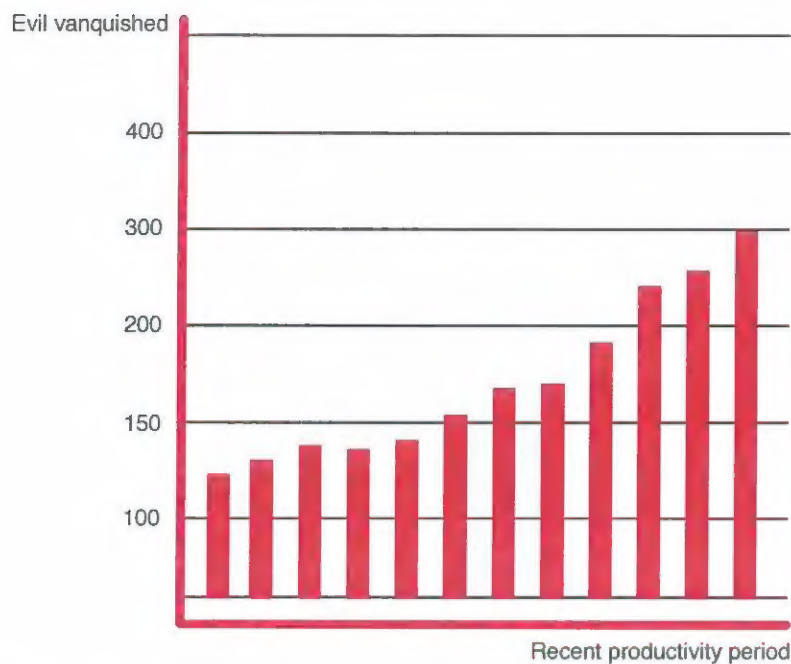


WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL

Fig 1. Hero Factory productivity overview



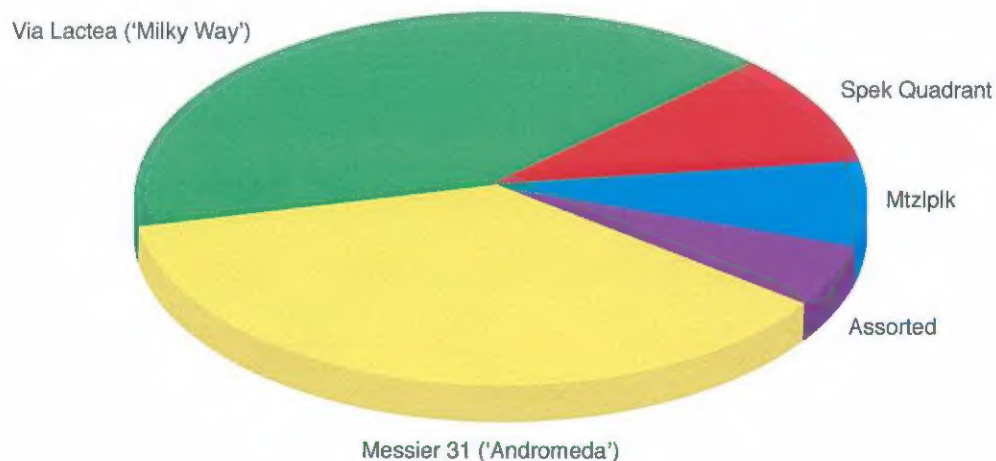
Another year, another victory for good over the forces of evil. As can be seen in figure 1, the last 12 months have proven to be a milestone year, with the Hero Factory reaching the magical 300 mark for the first time in its history.

Though talk of late has been of a galactic financial crisis, it needs to be remembered that evil rarely pays heed to economic forecasts and as such we expect good growth over the next five to 10 year period.

Figure 2 provides a clear illustration of revenue stream sources on a purely service call basis. The numbers don't take into account income from ancillary Hero Factory offerings such as villain consulting and our lucrative foray into merchandising. Once again, Via Lactea has provided the Factory with the bulk of its missions, boosted in part by a sustained promotional campaign in the first quarter of the year. The Spek Quadrant and Mtlzplk have been the surprise performers; showing significant growth thanks largely to the menace posed by those bluegrass-loving lizards on Quard and the Shapeshifting Xenolords of Illiax.

With the recent treaty signed by planets in the Helio Galaxy, we expect the 'Assorted' sector in the pie chart to shrink, with significant growth in enquiries from the newly formed federation. All in all, exciting times ahead!

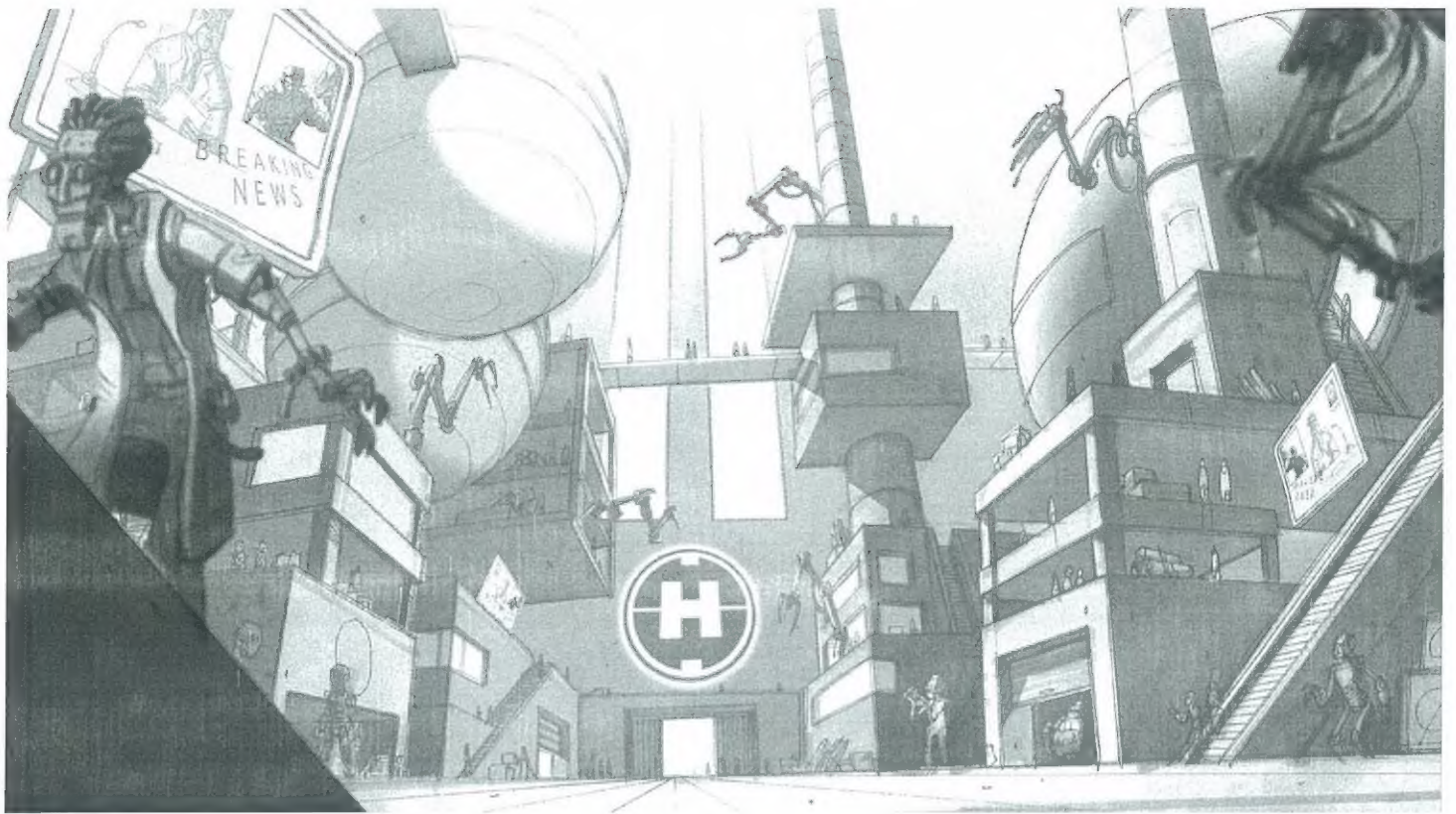
Fig 2. Breakdown of service calls by origin



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



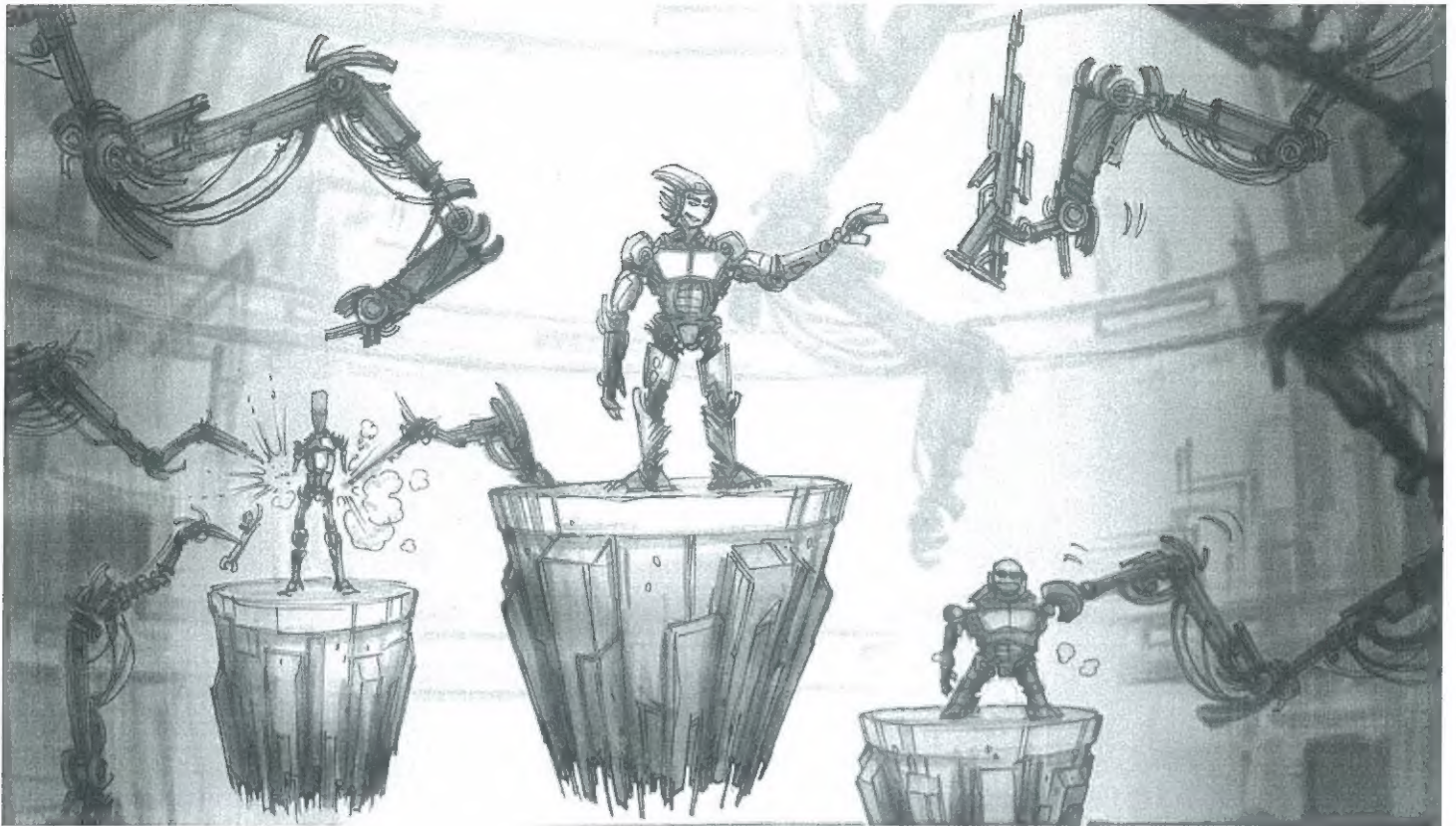
Output from manufacturing services, backed superbly by R&D and technical divisions, surpassed all expectations last year. Mech crews also took possession of the new 1138 Hero Amplifier which considerably boosted their production capabilities.



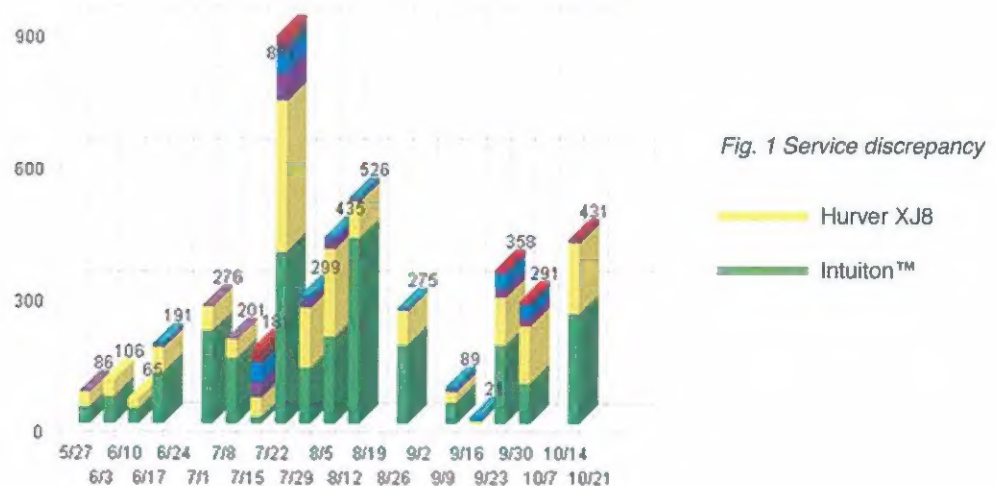
WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



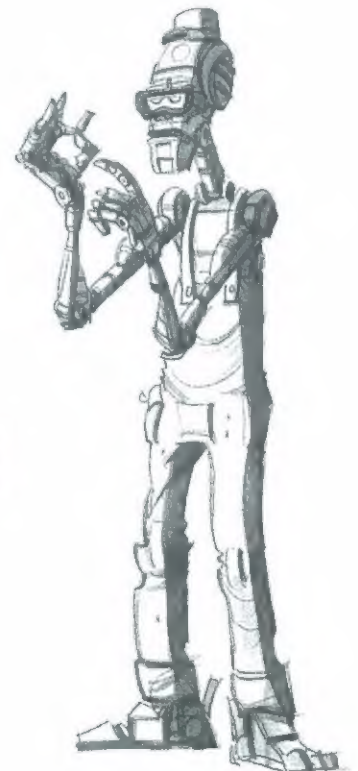
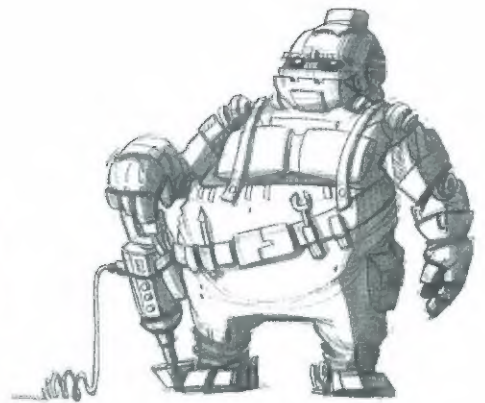
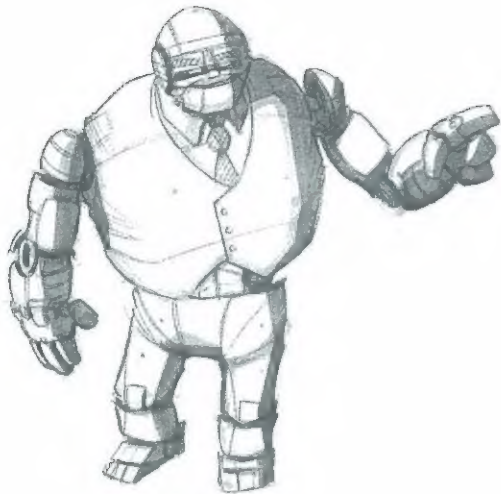
Our proprietary Intuition™ Hero Fitting System performed beautifully for the second year running. Since implementation the Intuition™ has eliminated downtime by roughly 46% — an improvement warmly welcomed by all the guys down in the Fitting and Application department. Figure 1 shows the difference between the Intuition™ and our previous fitting system, which gave us 20 years of fine service.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



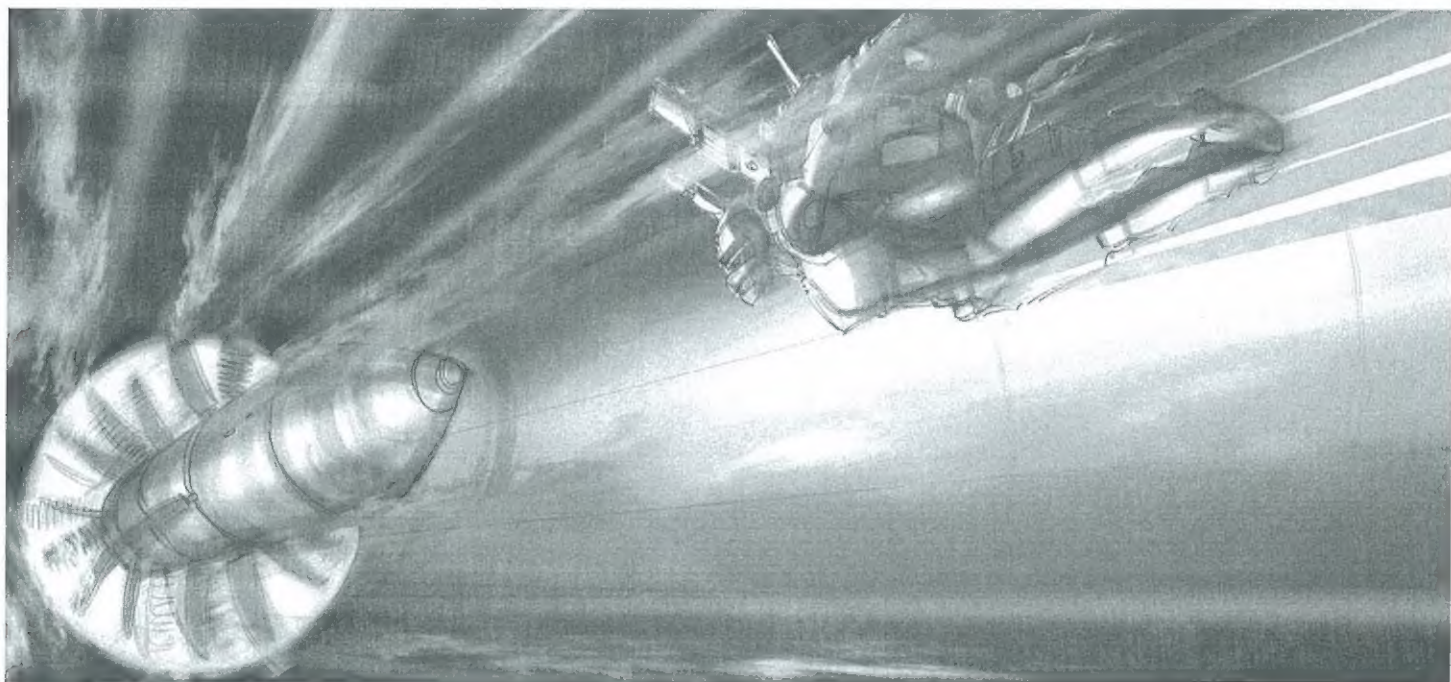
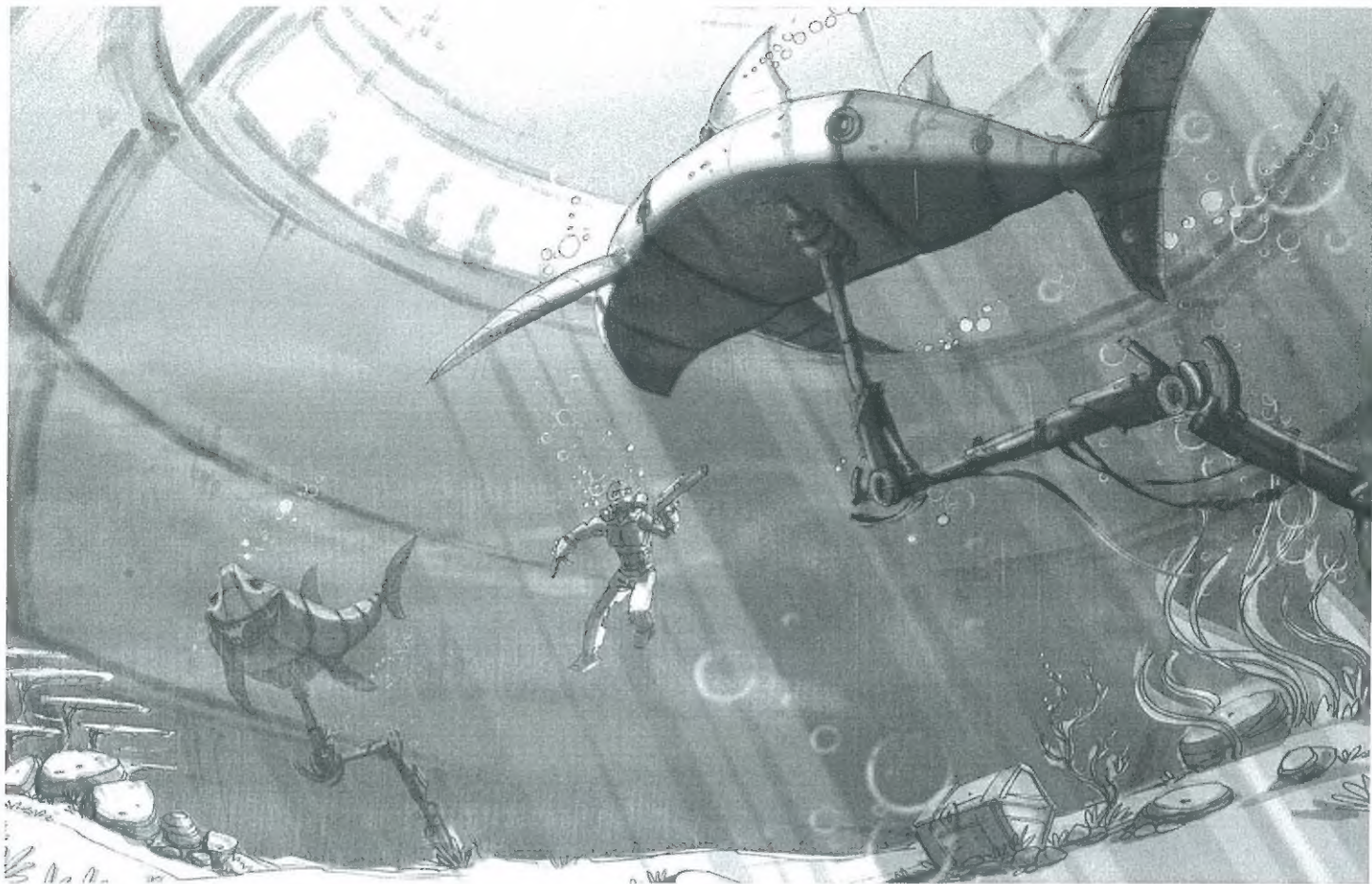
A finer bunch of robots you're not likely to meet! Hero Factory staff, from technicians and fitters to research & development and the heroes on the ground, have all had a sterling year. Quite simply, they're the ones who make it happen.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



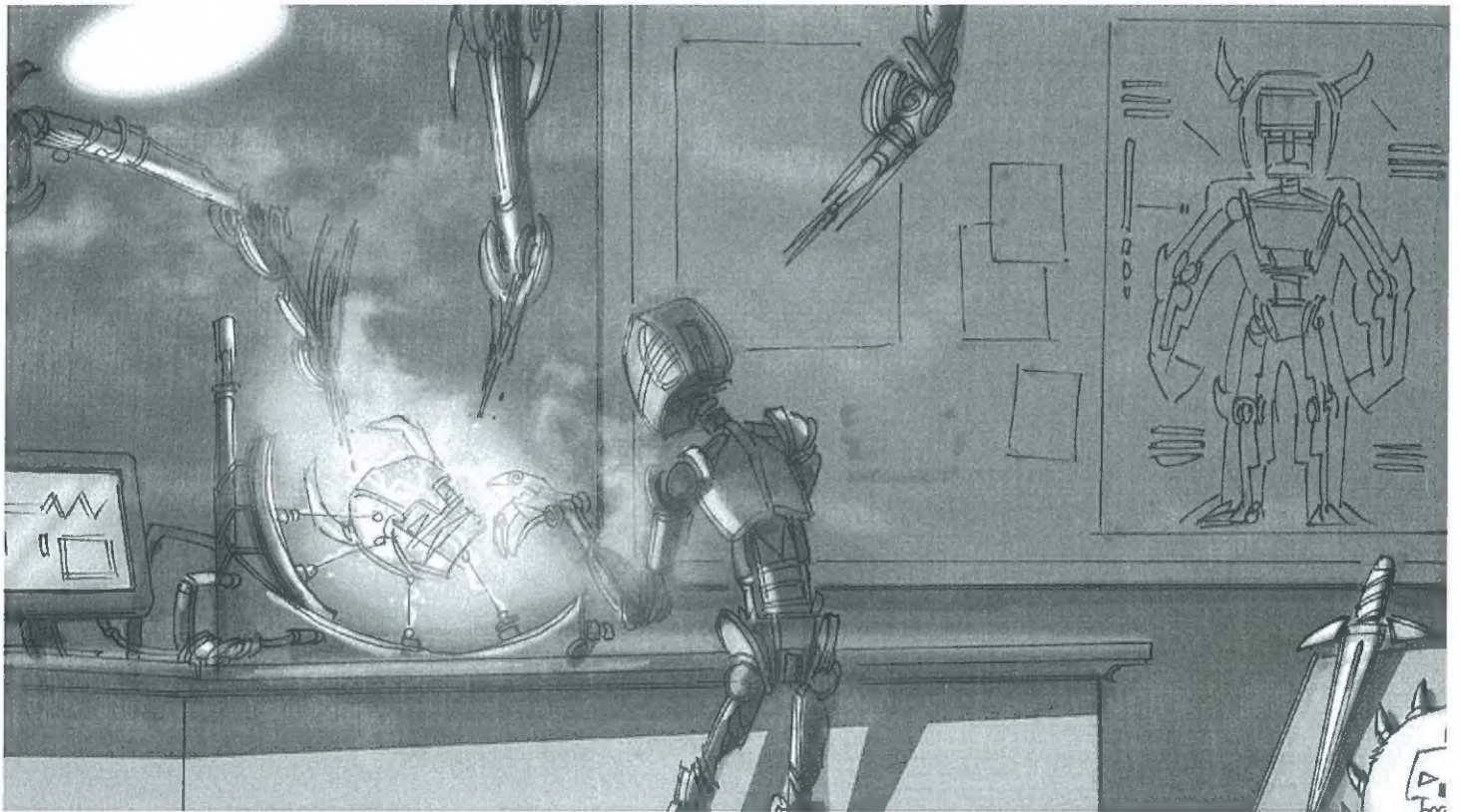
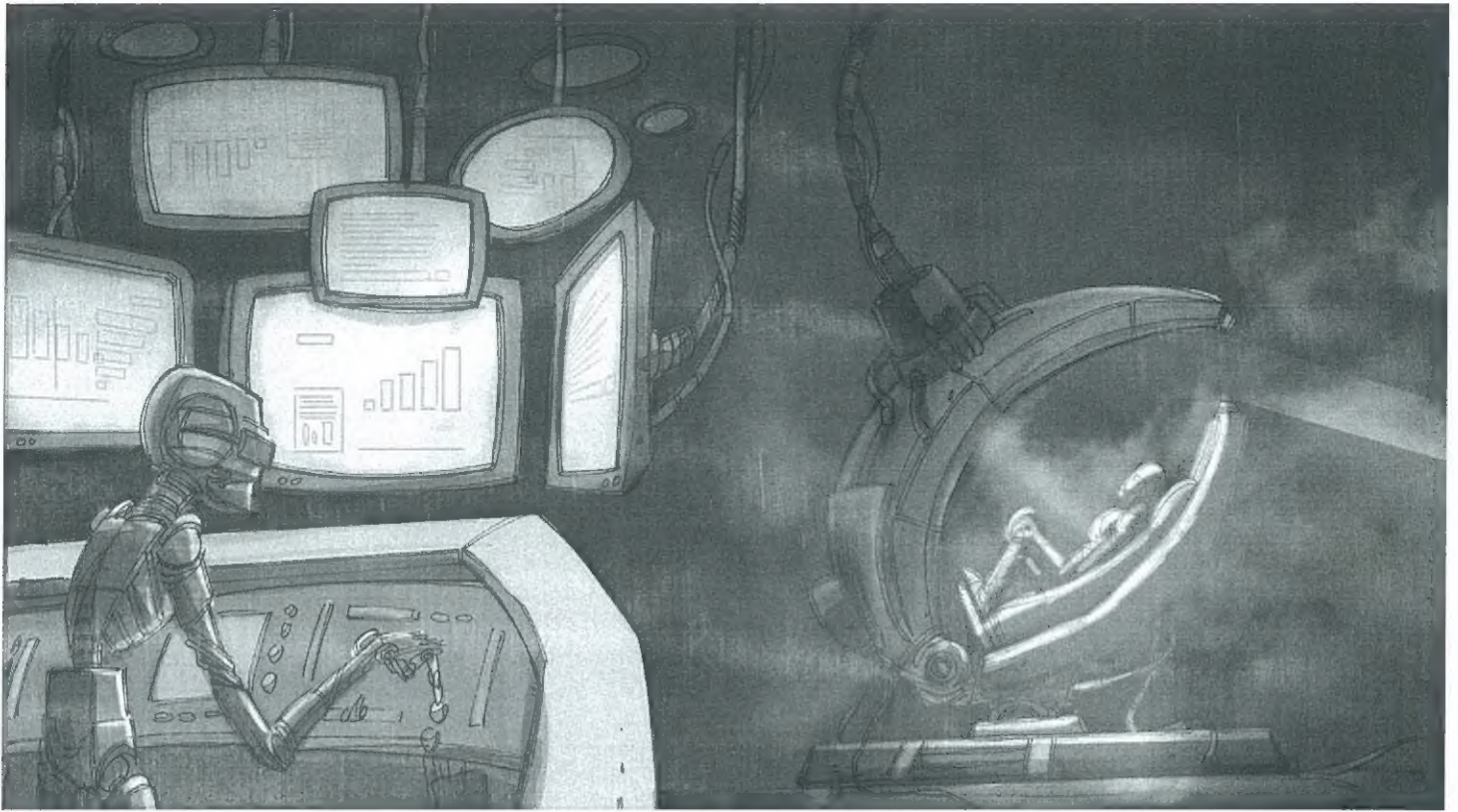
7 days a week, 365 days a year, our heroes are put through the most rigorous of training regimes. Last year, the zero gravity aerodynamic chamber proved most popular with trainees.



We BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



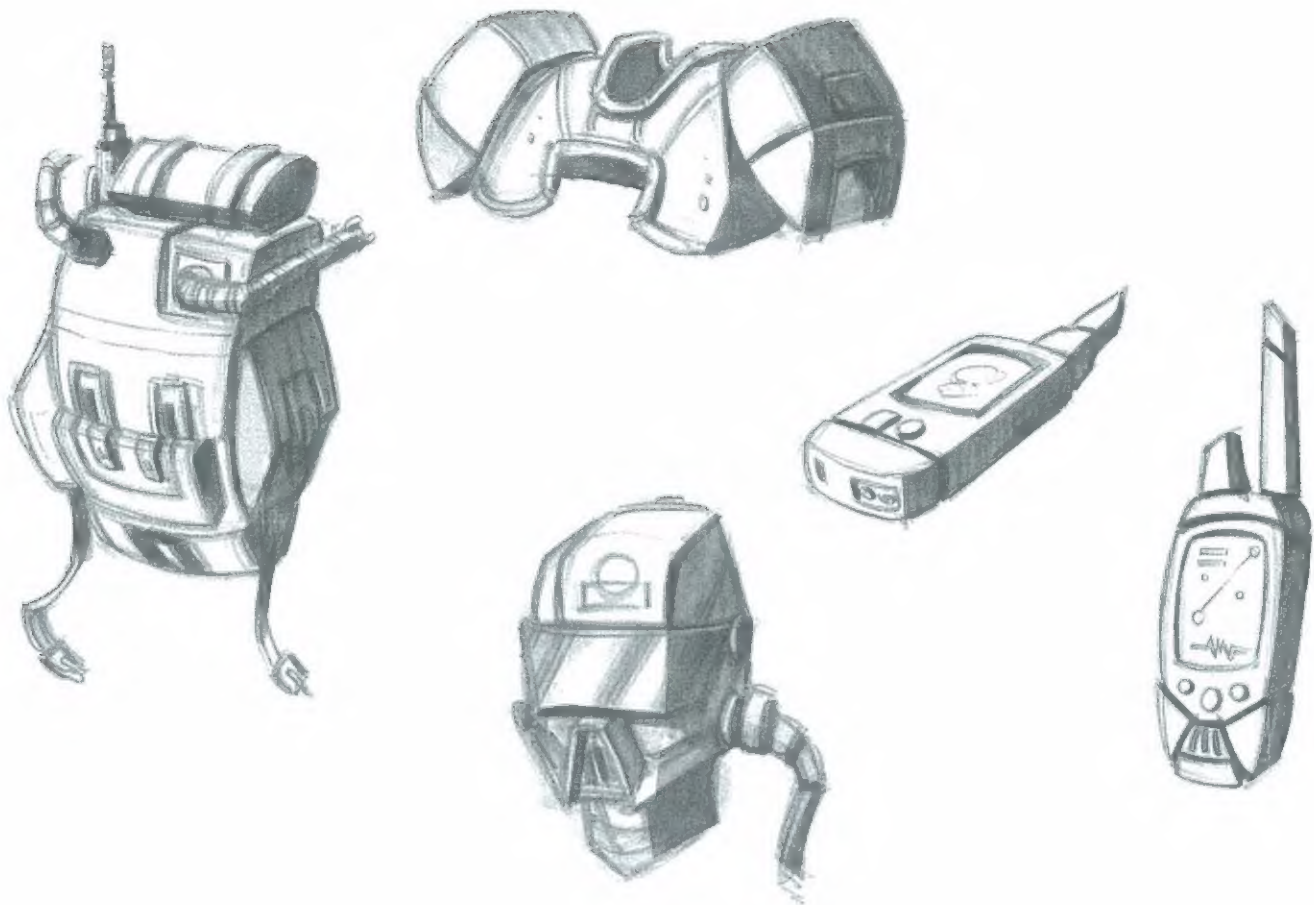
Of course, behind every great hero is a veritable army of support staff, analysing, prodding, tweaking and refining, so that whatever challenge is presented, they're ready — 24/7.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



Though they'd never admit it, heroes would be lost without the myriad selection of gadgets and equipment produced by our Experimental Gadget Research Centre. Here's just a few of them, used in the service of villain elimination over the past 12 months.

Clockwise from left:

SCP Multi-Pack

Jet-pack, anti-gravity prison, rappelling gear, and generous storage capacity all come together in this neat and surprisingly comfortable mission pack.

Top Torso Armour Rig

Our patented carbon-fibre upgrade for the standard Hero Armour Pack has been proven to stop the impact of a 12.7 calibre plasma round fired at point blank range. Impressive stuff!

V3 Gamma Sensors

A vast improvement on the weighty V2 which required a harness and porta-generator, the V3 has revolutionised missions, with the preferred 3x3 hero config now a working reality.

ClearVision 800 Helmet

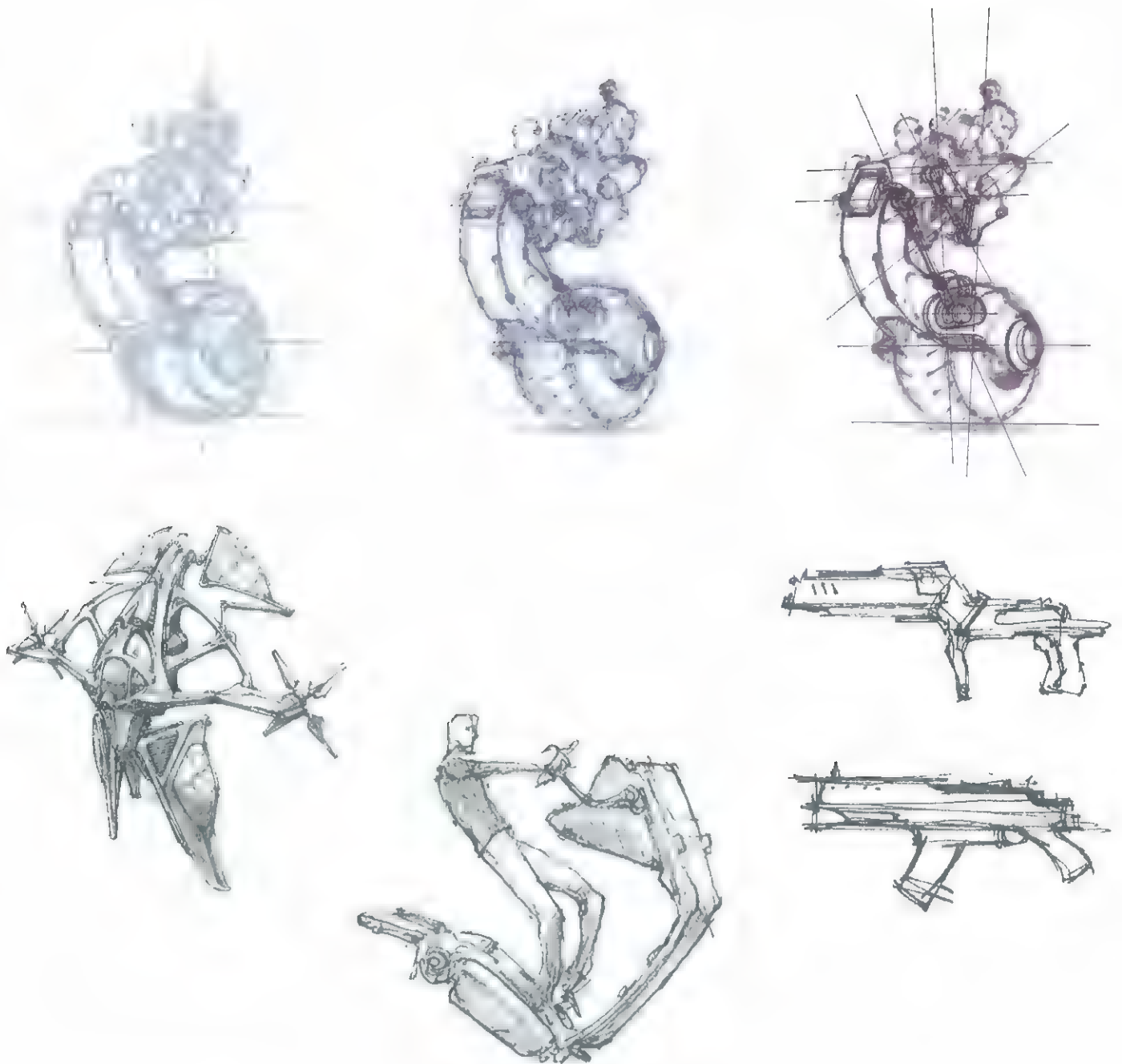
Launched in late spring, the 800 proved to be a giant leap forward in vision technology. The upgraded tech-visor combines thermal, x-ray, underwater and solar readings into the one light-weight helmet.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



Clockwise from bottom:

MagLev Anti-Gravity Scooter

Originally introduced as transport for cleaning personnel, the ML Anti-Gravity Scooter took on a whole new profile when it was upgraded for mission status. Schematics above show the evolution of this very handy, lightweight vehicle.

M4 SlingTag

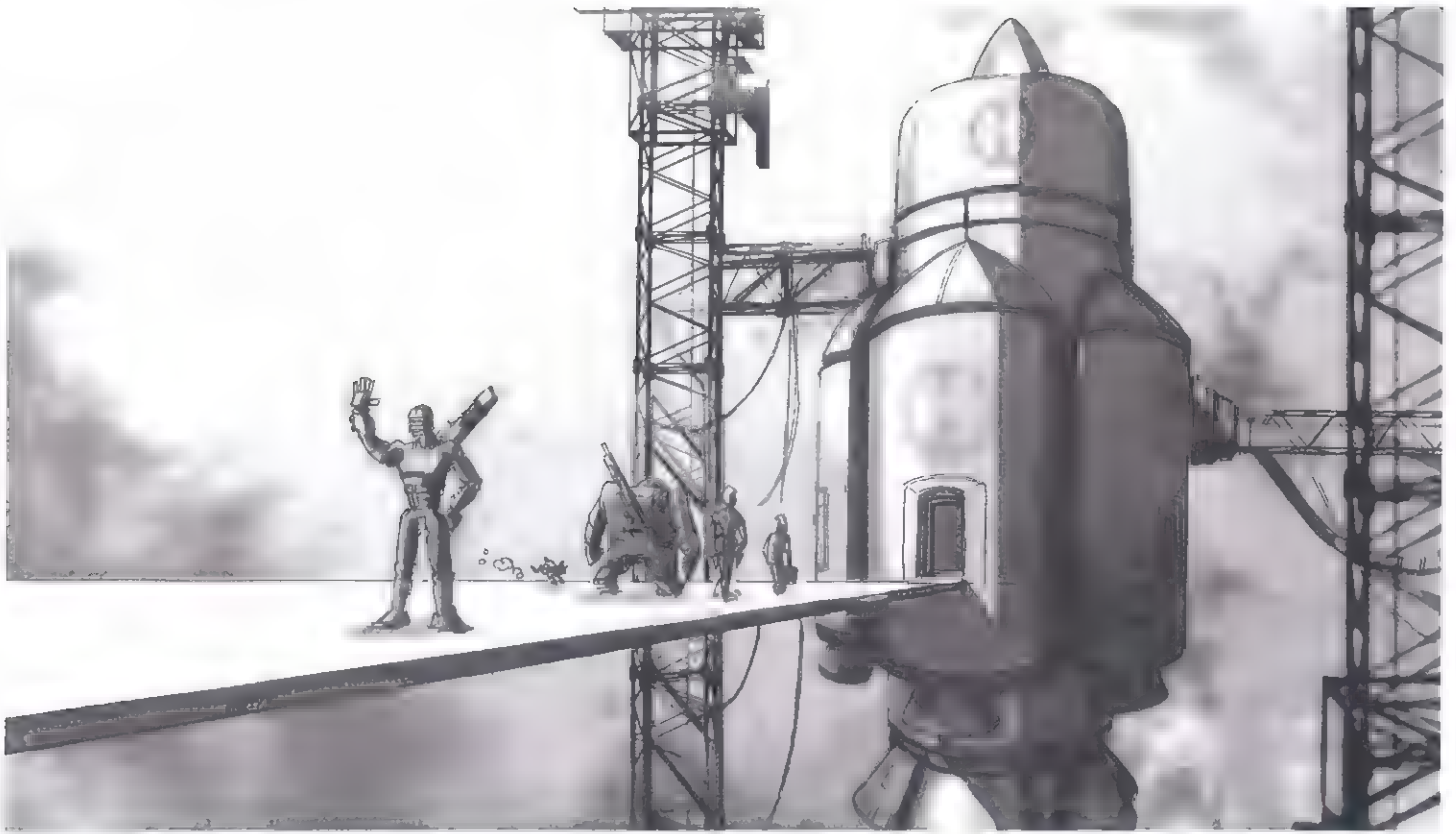
An oldie but goodie! This reliable, compact ident shooter tagged many a wayward villain over the last 12 months. Fired from the shoulder as well as from the hip, the M4 comes fully equipped with laser scope and a voice-recognition chip enabling rapid selection of different tagging modes.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



From mission start (above) to the end of the line (below), the Hero Factory has all elements of the villain-vanquishing industry covered!



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



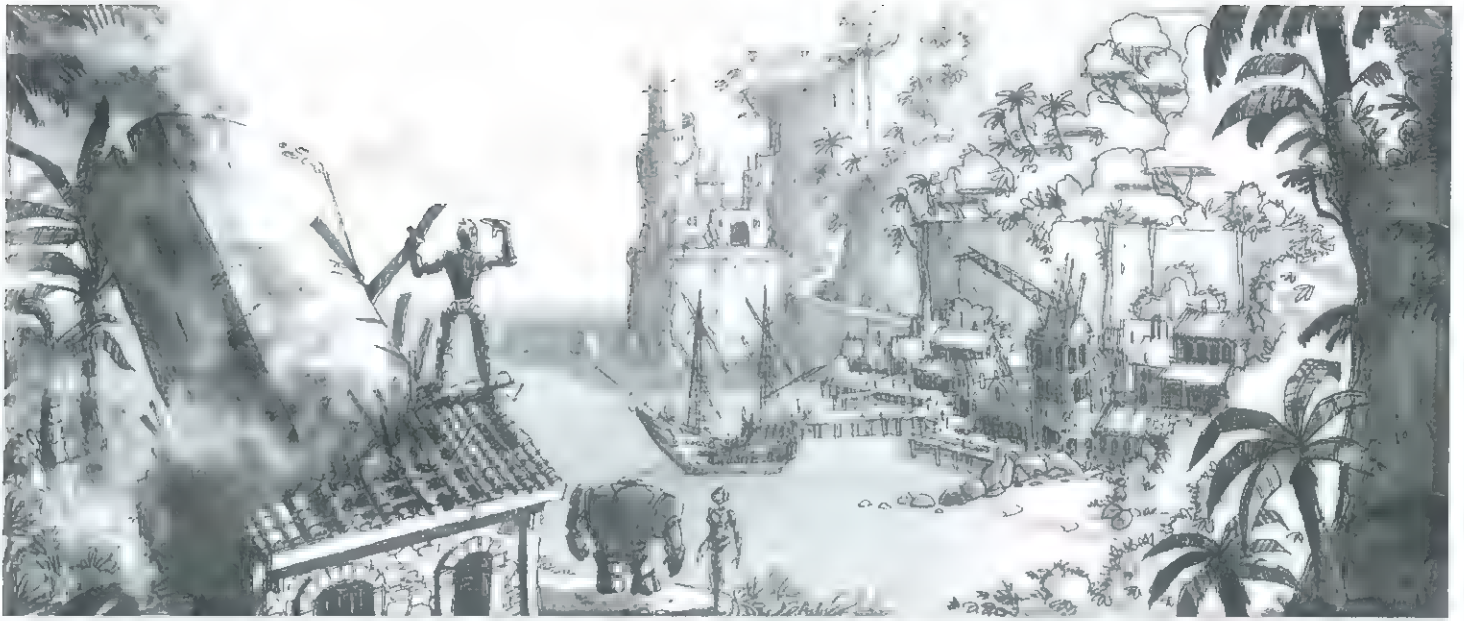
And the locations to which the bad guys took us exceeded even the most vivid imaginations. One day it's the Swamps of Aztemia, the next it's the deserted backwater, Gas.



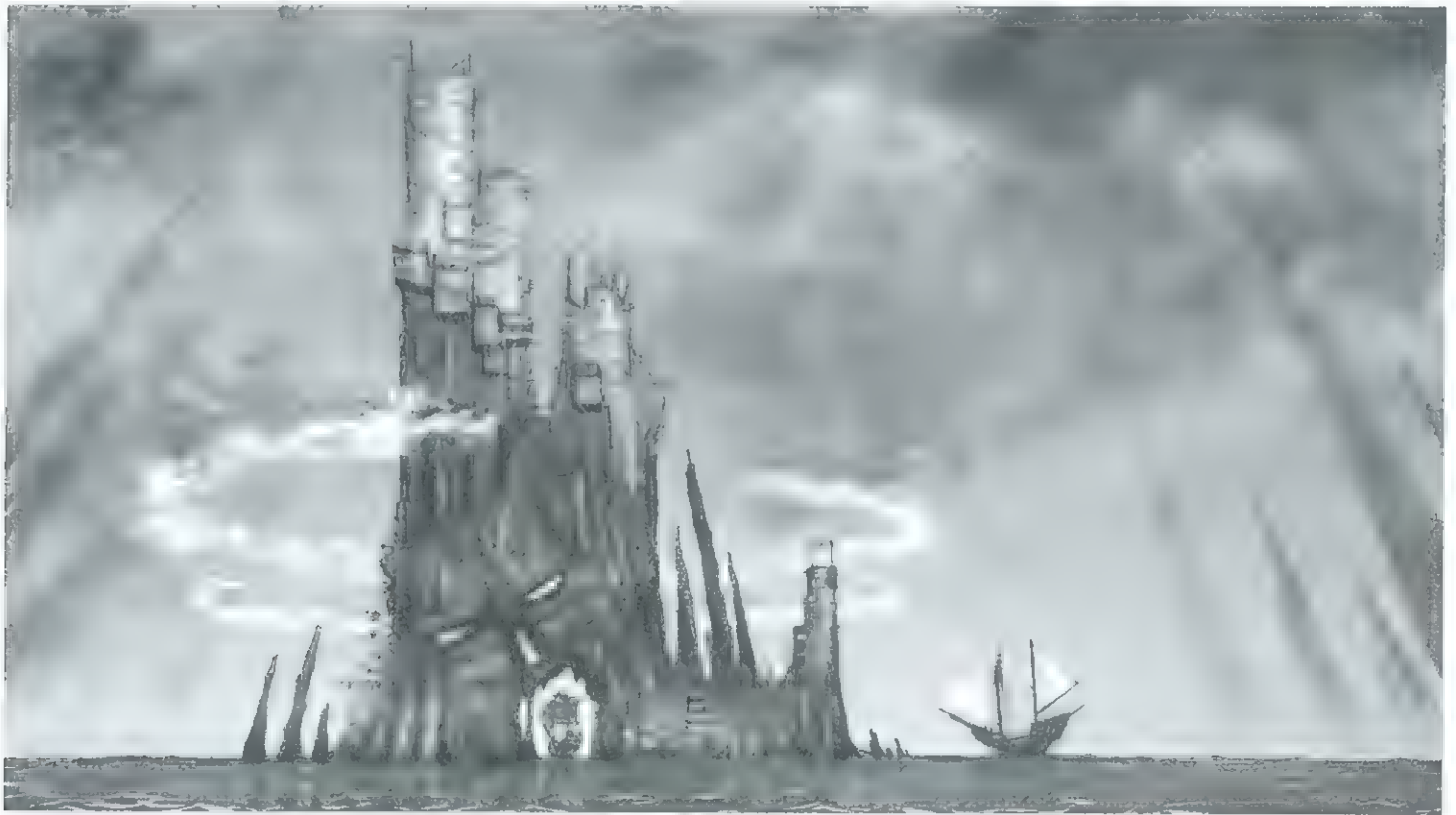
WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



Of course, there are some perks to hero missions. The exotic Costa Excada (above) and the remote Precipice of Lot (below) tied for the honour of 'Coolest Destination' in the end-of-year office survey.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL

Most heroes enjoyed this promotional poster mock-up produced by the Communications department for last year's Christmas Party.



WE BUILD HEROES™

Billund Jan. 2009

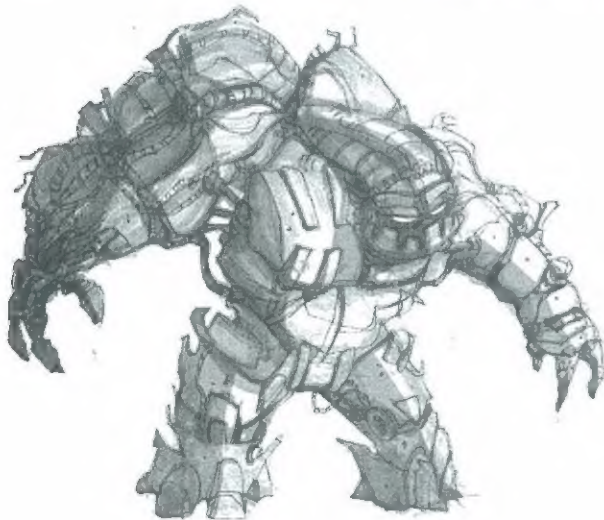
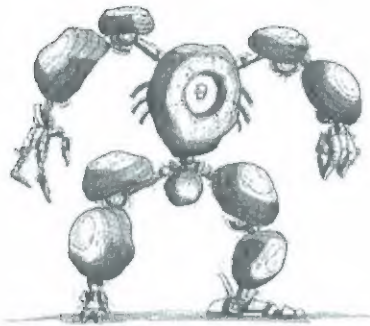
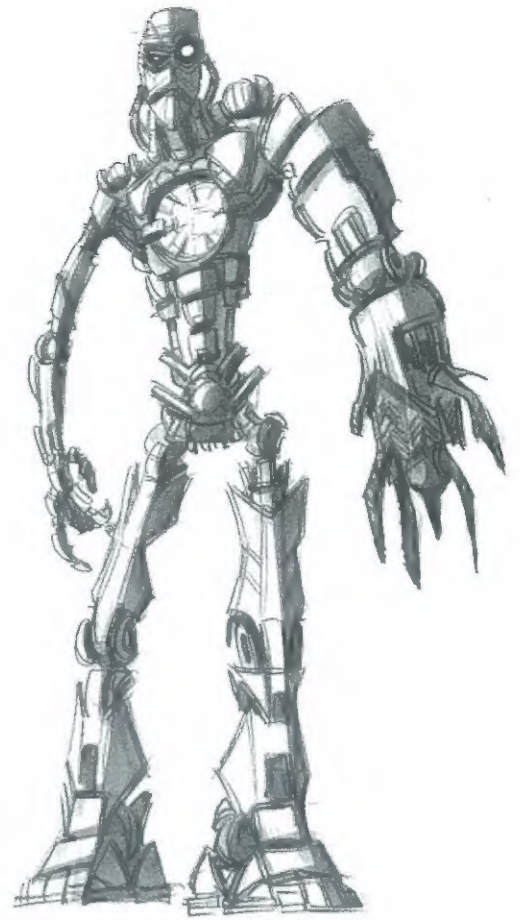
CONFIDENTIAL



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



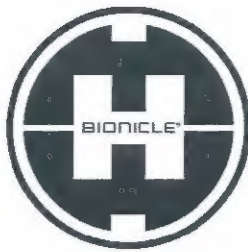
Despite the warnings and our universally accepted reputation as the one-stop-shop for the elimination of evil, the villains kept coming — in weirder and more challenging forms.



WE BUILD HEROES™

Billund Jan. 2009

CONFIDENTIAL



The future looks bright...

As long as evil continues to rear its ugly head, the Hero Factory will be there to ensure peace reigns in the universe. The coming year sees the expansion of our Intergalactic Call Centre – complete with another 40 emergency response consultants – ready to handle calls from new markets in 12 quadrants.

Marketing and promotional activities across the board should also help boost traffic in areas where the Hero Factory currently operates.

Of course, your assistance and input in these endeavours are greatly appreciated. Ideas and initiatives you believe will add to the growth and development of the organisation are welcomed and you should not hesitate to contact your local Hero Factory representative.

These are exciting times. The forces of evil are not easily thwarted, but then neither are the steadfast employees of the Hero Factory. We look forward to taking the fight to the bad guys, maintaining peace in the universe and continuing to provide the kind of invaluable villain-vanquishing service for which we've become famous.

Here's to the future. Here's to the Hero Factory!